



AUDIT

OF

**SULAWESI / LOMBOK PROGRAMME FOR EARTHQUAKE AND TSUNAMI
INFRASTRUCTURE RECONSTRUCTIVE ASSISTANCE (PETRA)**
(Directly Implemented Project No. 116311, Output Nos. 113535, 113549 and 114397)

IN

UNDP INDONESIA

Report No. 2533
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**Report on the Audit of Sulawesi/Lombok Programme for Earthquake and Tsunami Infrastructure
Reconstructive Assistance (Project No. 116311, Output Nos. 113535, 113549 and 114397)
Implemented by UNDP Indonesia
Executive Summary**

The UNDP Office of Audit and Investigations (OAI), through PKF Littlejohn LLP (the audit firm), from 7 to 30 June 2022, conducted an audit of Sulawesi/Lombok Programme for Earthquake and Tsunami Infrastructure Reconstructive Assistance (Project No. 116311, Output Nos. 113535, 113549 and 114397) (the Project), which is directly implemented and managed by the UNDP Country Office in Indonesia (the Office). This was the first audit of the Project.

The audit firm conducted a financial audit in accordance with the International Standards of Auditing (ISA), the 700 series, to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenses for the period from 1 January to 31 December 2021, and the accompanying Funds Utilization statement¹ as of 31 December 2021. The audit did not include expenses processed and approved in locations outside of the country (such as UNDP Regional Centres and UNDP Headquarters). The audit did not cover the Statement of Assets as no assets were held by the Project. In addition, the audit did not cover the Statement of Cash Position as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (The IIA).

Audit results

Based on the audit report submitted by the audit firm, the results are summarized in the table below:

Project Expenses*	
Amount (in \$ '000)	Opinion
8,694	Unmodified

* Expenses recorded in the Combined Delivery Report (CDR) were \$9,380,342. Excluded from the audit scope were transactions that relate to expenses processed and approved by other UNDP offices outside of the country in the amount of \$686,628.

The audit firm included an Emphasis of Matter paragraph due to a subsequent event. A contract for civil works amounting to \$5.6 million was terminated in March 2022 due to significant delays in the delivery of works. As of the date of the audit, the Office was in the process of negotiating the financial settlement with the vendor. The total payment made to the vendor was of \$1.6 million, of which \$957,983 was reported as expenditures in the 2021 CDR (output 113535).

The audit did not result in any recommendations.

¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

Management comments and action plan

Comments and/or additional information provided have been incorporated into the report, where appropriate.

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